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**September 17, 2009**

**Investor Update**

**Revenue Report**

The Revenue Report for the month of August 2009 dated September 11, 2009, is attached to this Investor Update. On an accrual basis, August is the first month of the 2009-2010 fiscal year.

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**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ  
COMMISSIONER**

FOR IMMEDIATE RELEASE  
FRIDAY, SEPTEMBER 11, 2009

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**AUGUST REVENUES**

NASHVILLE – State tax collections again fell below budgeted estimates in August, with sales tax collections recording negative growth for 18 of the last 20 months. Finance and Administration Commissioner Dave Goetz reported today that overall August revenues were \$726.9 million, which is 5.74% below collections for August 2008.

“The continued negative trend in tax collections requires us to continue to closely monitor revenues and adjust expenditures accordingly,” Goetz said. “August sales tax figures reflect July consumer spending, and represent the first month of collections for the new fiscal year.

“We need to make sure we make adjustments to accommodate for the next several months so we keep the state’s budget in a balanced posture.”

On an accrual basis, August is the first month in the 2009-2010 fiscal year.

August collections were \$28.2 million less than the budgeted estimate. The general fund was under collected by \$30.5 million and the four other funds were over collected by \$2.3 million.

Sales tax collections were \$24.6 million less than the estimate for August. The August growth rate was negative 8.21%.

Franchise and excise taxes combined were \$279,000 above the budgeted estimate of \$20.6 million.

Gasoline and motor fuel collections increased by 9.13% and were \$5.2 million above the budgeted estimate of \$68.2 million.

Tobacco tax collections for the month were under collected by \$289,000.

Privilege tax collections were \$1.4 million less than the budgeted estimate of \$17.6 million.

Inheritance tax collections were \$3.0 million below the budgeted estimate.

All other taxes were under collected by a net of \$4.4 million.

The budgeted revenue estimates for 2009-2010 are based on the State Funding Board’s consensus recommendation adopted by the first session of the 106<sup>th</sup> General Assembly in May of 2009.

**REVENUE COLLECTIONS**  
**AUGUST, 2009**

**August Collections:**

	<b>Budgeted Accrual Estimate</b>	<b>Actual</b>	<b>Difference</b>
General Fund	\$605,006,000	\$574,551,000	(\$30,455,000)
Highway Fund	55,059,000	56,374,000	1,315,000
Sinking Fund	32,456,000	32,240,000	(216,000)
City & County Fund	61,706,000	62,865,000	1,159,000
Earmarked Fund	891,000	892,000	1,000
<b>Total</b>	<b>\$755,118,000</b>	<b>\$726,922,000</b>	<b>(\$28,196,000)</b>

**Table 1**  
**Tennessee Department of Revenue**  
**Comparative Statement of Collected Revenues**

Class of Tax	August			
	2008	2009	Change	Percent
Franchise & Excise	\$15,542,000	\$20,879,000	\$5,337,000	34.34%
Income	1,497,000	732,000	(765,000)	-51.10%
Inheritance & Estate	8,309,000	5,629,000	(2,680,000)	-32.25%
Gasoline	49,550,000	56,796,000	7,246,000	14.62%
Petroleum Special	5,243,000	5,643,000	400,000	7.63%
Tobacco	24,817,000	24,811,000	(6,000)	-0.02%
Beer	1,690,000	1,796,000	106,000	6.27%
Motor Vehicle Registration	18,960,000	18,576,000	(384,000)	-2.03%
Motor Vehicle Title	923,000	879,000	(44,000)	-4.77%
Mixed Drink	4,400,000	4,524,000	124,000	2.82%
Business	1,869,000	1,279,000	(590,000)	-31.57%
Privilege	16,655,000	16,197,000	(458,000)	-2.75%
Gross Receipts	18,758,000	12,701,000	(6,057,000)	-32.29%
TVA - In Lieu of Tax Payments	22,012,000	24,015,000	2,003,000	9.10%
Alcoholic Beverage	3,391,000	3,477,000	86,000	2.54%
Sales and Use	564,580,000	518,249,000	(46,331,000)	-8.21%
Motor Vehicle Fuel	12,518,000	11,019,000	(1,499,000)	-11.97%
Severance	294,000	233,000	(61,000)	-20.75%
Coin-operated Amusement	34,000	18,000	(16,000)	-47.06%
Unauthorized Substance	158,000	(531,000)	(689,000)	NA
<b>Total</b>	<b>\$771,200,000</b>	<b>\$726,922,000</b>	<b>(\$44,278,000)</b>	<b>-5.74%</b>

**Table 2**  
**August Revenue Overcollections/(Undercollections)**  
**Budgeted Estimate**

	<u><b>General Fund</b></u>	<u><b>Other Funds</b></u>	<u><b>Total</b></u>
Sales Tax	\$ (23,500,000)	\$ (1,100,000)	\$ (24,600,000)
Income Tax	(400,000)	(300,000)	(700,000)
Inheritance Tax	(3,000,000)	0	(3,000,000)
Privilege Tax	(1,400,000)	0	(1,400,000)
Business Tax	0	0	0
TVA	0	0	0
Gross Receipts	(2,200,000)	0	(2,200,000)
Gasoline & Motor Fuel Taxes	300,000	4,900,000	5,200,000
Motor Vehicle Registration	(200,000)	(1,100,000)	(1,300,000)
Other Taxes	(400,000)	(100,000)	(500,000)
Tobacco	(300,000)	0	(300,000)
Beer	200,000	100,000	300,000
Motor Vehicle Title	(100,000)	(100,000)	(200,000)
Mixed Drink	(100,000)	200,000	100,000
Alcoholic Beverage	100,000	0	100,000
Severance	0	100,000	100,000
Coin Operated Amusement	0	0	0
Unauthorized Substance	(200,000)	(400,000)	(600,000)
<b>Sub-Total</b>	<u><b>\$ (30,800,000)</b></u>	<u><b>\$ 2,300,000</b></u>	<u><b>\$ (28,500,000)</b></u>
F & E Taxes	<u>300,000</u>	<u>0</u>	<u>300,000</u>
<b>Total</b>	<u><b>\$ (30,500,000)</b></u>	<u><b>\$ 2,300,000</b></u>	<u><b>\$ (28,200,000)</b></u>